

## **Fact Sheet on the Thoroughbred Breeder Incentive Plan**

How does a breeder become eligible to receive an incentive?

- For a horse foaled in 2006 and all prior years, for purposes of determining eligibility for an award, if a horse is eligible to receive funds under the Kentucky Thoroughbred Development Fund the breeder shall be eligible to receive funds from the Kentucky Thoroughbred Breeders' Incentive Fund (KTBF) upon completion of the registration form. The horse does not need to have been registered under KTDF it just needs to be eligible to be registered.
- For horses foaled during 2007 and in all subsequent years, for purposes of determining eligibility for an award under this regulation, the requirements set forth in this regulation must be met.
- A "qualified breeder" means the owner of the thoroughbred dam of a registered KTBF horse who owned the dam at the time the registered KTBF horse is foaled in Kentucky
- A "qualified mare" means a thoroughbred dam that resides in Kentucky from the time of the first cover in Kentucky by a Kentucky sire until foaling.
- A "qualified winner" means a thoroughbred horse out of a qualified mare and from a Kentucky sire and whose nose reaches the finish line first or is placed first through disqualification by the stewards and is not eligible to be claimed in that race.

How does the breeder incentive program work?

- Incentive money is from sales taxes paid on stallion stud fees. This is not a new tax. It is the same tax that has been required to be paid on stallion stud fees previously and before the establishment of this Breeder's Incentive Fund went directly into the General Fund of the Commonwealth – not back to the thoroughbred industry.
- The following is a basic description of the awards that will be granted unless the amount in the KTBF at the end of a year requires an adjustment in the distribution:
- Kentucky First Component – An incentive would be granted to the breeders of the winners of all maiden special weight, allowance and stakes races in Kentucky. The bonus would be equal to 25 percent of the winning purse, excluding supplemental funds, and the maximum bonus to the breeder would be \$10,000 per race. There would be no age limitation for the horses.

- National Component – An incentive would be granted to breeders of the winners of maiden and allowance races held in other states for 2-, 3- and 4-year old thoroughbreds. The bonus would be equal to 10 percent of the winning purse, excluding supplemental funds, with a maximum bonus of \$10,000 per race.
- Kentucky Grade I Stakes Component – An incentive will be awarded to the breeders of the winners of all Grade I Stakes run within Kentucky. The incentive will be \$100,000 each to the breeder of the Kentucky-bred winner of the Kentucky Derby and the Kentucky Oaks. An incentive of \$25,000 will be awarded to the breeder of all other Kentucky-bred winners of Grade I stakes run within Kentucky.
- National Grade I Stakes Component – An incentive will be awarded to the breeders of the winner of each Kentucky-bred Grade I Stakes races held in other states. The award shall be \$2,500 for each breeder. The incentive will reward breeders who produce quality Kentucky-bred winners of top races throughout the country.
- Kentucky Claiming Title Component – An incentive will be awarded to the breeders of Kentucky's best claiming horses. The incentive will be composed of four racetrack title awards and an annual Kentucky title award. Churchill Downs, Ellis Park, Keeneland and Turfway will each have an incentive awarded to the breeder of the horse that has the highest claiming earnings at that track during the year. The annual Kentucky Claiming Title incentive will be divided among the breeders of the top three horses that have the highest cumulative claiming earnings at all Kentucky tracks throughout the year. It is anticipated the total amount to be awarded under this component is \$200,000.
- Breeders' Cup World Thoroughbred Championship races are excluded.

#### What forms must be filed in order to qualify for these incentives?

- For foals born during 2007 and thereafter, the qualified breeder shall file a form with the Authority within 45 days of the first cover of the mare. This would apply to the upcoming breeding season and would require the following information: the date of the first cover; the name of the stallion; the name of the mare; the registration number of the mare; the place where the mare will be boarded in Kentucky; the name, mailing address, phone number and electronic mail address of the person considered to be the qualified Breeder; and the tax identification or social security number of the person considered to be the qualified breeder.
- For foals born in 2006 and prior years and who qualify for awards based on races run in the 2006 calendar year a form must be filed no later than February 1, 2007 to receive these incentives. In other words, for eligible horses that run in 2006 a form will need to be filed by February 1, 2007.

- During the course of 2006 racing, the Kentucky Horse Racing Authority will be notifying breeders that they are entitled to awards upon registration of their horse. Prior to February 1, 2007, a form will need to be filed with the Kentucky Horse Racing Authority wherein verification of personal identifiers and the correct address of the breeder will occur prior to the dispersal of funds to that breeder.
- These forms can be accessed from this website.

As a qualified breeder, are there exemptions I should be aware of?

- Starting with the 2006 breeding season (foals of 2007) in order for the mare to be a qualified, she must have resided in Kentucky from the time of the first cover in Kentucky by a Kentucky Sire until foaling unless one of the following exceptions is met:
  - (a) Medical Procedure.
    - (i) A medical procedure must be performed to protect the health of the mare or the unborn foal that involves an extraordinary medical situation and the breeder desires to have an expert located outside of Kentucky conduct the procedure;
    - (ii) The owner or the lessee of the mare at the time the mare leaves Kentucky requests permission in writing for the mare to leave Kentucky and provides information as requested by the Authority within fourteen (14) days after the mare leaves Kentucky;
    - (iii) The executive director of the Authority approves the departure of the mare from Kentucky; and
    - (iv) The mare remains under the care of a veterinarian during the entire period of time she is not residing in Kentucky other than the time during which she is traveling to and from Kentucky; or
  - (b) Training.
    - (i) The mare is in foal for the first time and is in training outside of Kentucky;
    - (ii) The owner or the lessee of the mare at the time the mare leaves Kentucky requests permission in writing for the mare to leave Kentucky and provides information as requested by the Authority within fourteen (14) days after the mare leaves Kentucky;
    - (iii) The executive director of the Authority approves the departure of the mare from Kentucky; and
    - (iv) The mare returns to Kentucky within ten (10) days after the end of her racing career.